

This record is a partial extract of the original cable. The full text of the original cable is not available.

UNCLAS TEGUCIGALPA 002645

SIPDIS

SENSITIVE

STATE FOR WHA/CEN, WHA/EPSC, EB AND DRL/IL
STATE PASS USTR FOR AMALITO
STATE PASS AID FOR LAC/CAM
DOL FOR ILAB
GUATEMALA FOR AGATT SHUETE
TREASURY FOR DDOUGLASS

E.O. 12958: N/A

TAGS: [ETRD](#) [ECON](#) [PGOV](#) [EAGR](#) [ELAB](#) [HO](#)

SUBJECT: GOH Trade Officials Worried about DR Exclusion from CAFTA

REF: Tegucigalpa 2483

1. (SBU) Summary: GOH trade officials are increasingly concerned that the exclusion of the Dominican Republic from CAFTA would require Honduras to re-sign CAFTA and re-start its process of Congressional approval and ratification. They believe that there is no legal mechanism under Honduran law by which Honduras could approve and ratify the current (August 5) version of CAFTA if the Dominican Republic is excluded. Instead, the GOH would have to sign a new agreement and present the new agreement to Congress for approval, which would delay ratification until early 2005 at best. End Summary.

2. (SBU) In the past two weeks, Minister of Trade and Industry Norman Garcia and Director of Trade Policy (and Lead Negotiator for CAFTA) Melvin Redondo have expressed growing concern that the exclusion of the Dominican Republic from CAFTA will make it impossible for Honduras to approve and ratify CAFTA by the end of this year as planned. Since an approval decree for the August 5 version of CAFTA (which includes the Dominican Republic) has already been presented to Congress (reftel), exclusion of the Dominican Republic at this stage would require, according to Redondo, signing a new agreement and re-starting the process of Congressional approval using this new agreement. Minister Garcia, though admitting that he has not analyzed the legal issues himself, says that his legal advisors are convinced that Congress could not approve the August 5 version of CAFTA if the Dominican Republic is not included.

3. (SBU) According to Redondo, the question of the Dominican Republic's exclusion "has actually become more difficult than CAFTA itself," and he has also expressed concern that opponents of the agreement could use the exclusion of the Dominican Republic "as propaganda against CAFTA". However, even under the worst-case scenario of a lost opportunity for Congressional approval in 2004 and a re-start in 2005, Redondo and Garcia seem confident that CAFTA will still have enough Congressional support to pass.

Comment: Process, not Substance

4. (SBU) Comment: It is worth noting that Garcia and Redondo seem troubled only by the logistical headaches that removal of the Dominican Republic would cause; they are not bemoaning the trade benefits foregone or the negative impact on regional integration. In addition, neither Garcia nor Redondo has at any point blamed the U.S. for coming down too hard on the Dominican Republic; they seem to understand the political necessity of the U.S. position. Still, with the process of ratification well under way and proceeding according to plan, it is understandable that they would bitterly regret having to completely lose current momentum and start again fresh next year. End comment.

Palmer